



General Information



NORTH AMERICAN



DEVELOPMENT BANK

Investing in our border

The border between the United States and Mexico extends over 2,100 miles from the Pacific Ocean to the Gulf of Mexico. Environmental problems in the border region, particularly due to the lack of adequate infrastructure, have long been documented by both countries. The depletion of scarce water resources in this semi-arid region and the impact of pollution are issues of particular concern to the U.S. and Mexican governments because of the large number of shared ecosystems, including river basins and groundwater sources.

Given the transboundary effects of these environmental issues, both governments recognize that a binational effort is required to effectively solve these problems. The North American Development Bank (NADB) and its sister institution, the Border Environment Cooperation Commission (BECC), were created to promote the development of environmental infrastructure projects that meet the needs of communities throughout the region.

The creation of these two institutions is another promising step in the process of bilateral cooperation between the United States and Mexico for solving common environmental problems.

MISSION

The NADB is an international financial institution established and capitalized in equal parts by the United States and Mexico for the purpose of financing environmental infrastructure projects certified by the BECC.

The NADB's mission is to serve as a binational partner and catalyst in communities along the U.S.-Mexico border in order to enhance the affordability, financing, long-term development and effective operation of infrastructure that promotes a clean, healthy environment for the citizens of the region. As pioneer institutions in their field, the NADB and BECC are working to develop integrated, sustainable and fiscally responsible projects with broad community support in a framework of close cooperation and coordination between Mexico and the United States.

The U.S.-Mexico border region, in which the NADB focuses its efforts, is defined in the charter as the area within 100 kilometers (approximately 62 miles) north and south of the boundary between the United States and Mexico. The border region includes territory in the four U.S. states of Texas, New Mexico, Arizona and California and in the six Mexican states of Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, Sonora and Baja California.

RESPONSIBILITIES

*Joint solutions,
shared
responsibilities*

The primary role of the BECC is to certify environmental infrastructure projects in the border region for financing consideration by the NADB and other sources. Certification is based on a set of environmental, public health, technical, financial, community participation and sustainable development criteria, through a process that ensures extensive public input. The BECC also provides technical assistance to help develop solutions to environmental problems through master plans, project design, and environmental assessment.

The NADB's primary role is to facilitate financing for the implementation of projects certified by the BECC. In carrying out its mission, the NADB provides communities with four fundamental services:

- As an **advisor**, the NADB provides basic guidance to communities that may require assistance with comprehensive, long-term infrastructure

planning. In this way, the NADB can help ensure that preliminary project proposals are complete and properly prepared, as well as financially viable.

- ▶ As an **investment banker**, the NADB works to structure the most affordable and equitable financial package possible by locating funding from both public and private sources, as well as developing innovative and flexible financial instruments that can be tailored to the specific needs of each community.
- ▶ As a **lender or guarantor**, the NADB provides loans intended to fill financing gaps not covered by other sources, while its guaranties are designed to encourage financing from other lenders.
- ▶ As an **administrator of grant funds**, the NADB works to make environmental infrastructure projects affordable for communities throughout the U.S.-Mexico border region by combining grant funds with loans or guaranties for projects that would otherwise be financially unfeasible.

*More than a
lender –
a partner*

CAPITAL

The NADB's capital has been committed in equal amounts by the United States and Mexico. Fifteen percent of the capital committed is paid-in capital, while the remainder is callable capital. Callable capital is a promise by the two governments to provide funds to the extent necessary to meet the NADB's own debt obligations or guaranties, up to the amount of the callable subscription.

APPROACH

The NADB approach to dealing with the complex and costly clean-up of the border region is based on the concepts of sustainable development, grassroots involvement, and coordinated efforts.

The NADB is committed to assisting border communities make a gradual transition from fully subsidized projects to projects that are fiscally sound and locally sustainable through user fees or other revenue. In this context, the NADB strives to ensure that utility systems will be efficiently operated and adequately maintained so that communities will be prepared to meet future requirements without undue hardship.

Working together for a cleaner environment

Community involvement and inter-agency cooperation are key factors in the successful development of projects. The NADB and BECC are committed to building strong relationships with partners at all levels, including border residents; project sponsors; municipal utility managers; local, state, and federal government officials; non-governmental organizations; and the private sector.

Without the active support and participation of all those involved in environmental infrastructure development, the needs of many communities on both sides of the border could not be effectively served. The NADB and BECC firmly believe that by working together and combining resources, substantial progress can be made toward creating a cleaner and healthier environment for current border residents, as well as for future generations.

ADDITIONAL INFORMATION

North American Development Bank

203 S. St. Mary's, Suite 300
San Antonio, TX 78205
Tel.: (210) 231-8000
Fax: (210) 231-6232
www.nadb.org

Border Environment Cooperation Commission

P.O. Box 221648
El Paso, Texas 79913

Blvd. Tomas Fernandez, No. 8069
Fracc. Los Parques
Cd. Juarez, Chihuahua, Mexico
C.P. 32470
Tel.: 011 [52] (656) 688-4600
Fax: 011 [52] (656) 625-6180
www.cocef.org

Administration

BOARD OF DIRECTORS

The NADB has a binational Board of Directors consisting of six members, with equal representation from both countries. The Chairmanship of the Board alternates each year between representatives of the United States and Mexico.

United States

Secretary of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C. 20220

Secretary of State
2201 C Street, NW
Washington, D.C. 20520

**Administrator of the
Environmental Protection Agency**
1200 Pennsylvania Ave., NW
Mail Code 1101A
Washington, D.C. 20460

Mexico

Secretary of Finance and Public Credit
Palacio Nacional, Primer Patio Mariano, 3er piso, Oficina 3045
Col. Centro, Deleg. Cuauhtémoc
México, D.F. 06000

Secretary of Economy
Alfonso Reyes No. 30, Piso 10
Colonia Hipódromo Condesa
México, D.F. 06179

Secretary of Social Development
Avenida Constituyentes
No. 947, Edificio "B" P.A.
Colonia Belén de las Flores
México, D.F. 01110

MANAGEMENT

The Managing Director and Chief Executive Officer of the NADB is Raúl Rodríguez, a Mexican citizen, who assumed this position in October of 2000, after having served as Deputy Managing Director since March of 1997. The current Deputy Managing Director and Chief Operating Officer is Jorge C. Garcés, a U.S. citizen, who assumed his position in April of 2001, after holding various positions in Texas state government relating to the border and Texas-Mexico relations.

Loan & Guaranty Program

The purpose of the NADB loan program is to provide direct financing for projects with a demonstrable and reasonable assurance of repayment when other financing is not readily available under reasonable terms and conditions. The purpose of the NADB guaranty program is to encourage the participation of private and public sector lenders in financing infrastructure projects by providing partial repayment protection against commercial risks for loans.

NADB financing can be provided in a number of ways, including:

- ▶ **Direct Loans.** The NADB can provide market-related loans with maturities of up to 25 years for creditworthy borrowers. Under its Low Interest Rate Lending Facility (LIRLF), the NADB can provide loans at lower-than-market interest rates to both investment grade and non-investment grade borrowers.
- ▶ **Interim Financing.** The NADB can provide short-term loans for immediate assistance until permanent financing becomes available.
- ▶ **Participation in Bond Issues.** The NADB can make loans in the form of a purchase of bonds, notes or other obligations issued by a governmental body.
- ▶ **Loan Guaranties.** The NADB can guarantee up to 50% of the total capital cost of a project.

ELIGIBILITY

Under its charter, the NADB is authorized to make or guarantee loans to both public and private sector borrowers, operating within the United States and Mexico. A project is eligible for financing and other forms of assistance from the NADB, if it meets all three of the following criteria:

- ▶ The project must be located within 100 kilometers (62 miles) of the international boundary between the United States and Mexico.
- ▶ It must be certified by the BECC.

(over)

- ▶ It must be an environmental infrastructure project involving:
 - * potable water,
 - * wastewater treatment,
 - * municipal solid waste, or
 - * other environmentally related projects eligible under the NADB's guidelines, including projects relating to air quality, clean energy, hazardous waste and site remediation, recycling, public transportation, water conservation, and municipal planning.

Through its Loan and Guaranty Program, the NADB is prepared to finance a portion of the capital costs of a project. Eligible capital costs may include:

- ▶ the acquisition of land and buildings;
- ▶ site preparation and development;
- ▶ system design, construction, rehabilitation, and improvements; and
- ▶ the procurement of necessary machinery and equipment.

Complementary Programs & Services

ADVISORY AND FINANCIAL SERVICES

The NADB can provide guidance to communities and potential borrowers that will assist them in the financial design and structure of environmental infrastructure projects prior to BECC certification and throughout the project development process. As a binational development bank dedicated to environmental infrastructure, the NADB is in an excellent position to help identify all available sources of funding and to tailor those resources into appropriate and affordable financing packages for a specific project.

BORDER ENVIRONMENT INFRASTRUCTURE FUND (BEIF)

This fund has been established by the NADB to receive, administer, and coordinate contributions of grant resources for border environment infrastructure projects. This fund allows the NADB to structure appropriate and affordable financing packages by combining grant funds with its loans and guaranties. BEIF funds are currently available for water and wastewater infrastructure projects.

SOLID WASTE ENVIRONMENTAL PROGRAM (SWEP)

In an effort to make municipal solid waste projects more affordable for border communities, the NADB established the SWEP as a grant program funded from the NADB's retained earnings. The purpose of the SWEP is to assist border communities in providing solid waste services in an environmentally and financially sustainable manner.

INSTITUTIONAL DEVELOPMENT COOPERATION PROGRAM (IDP)

This program is designed to help public utilities reinforce their institutional capacities and thus create a stronger financial foundation for future development.

(over)

Funded from bank earnings, this grant program assists communities with studies necessary for the proper management and development of their utility systems, such as user registry updates, management information systems, and rate studies. In addition, recognizing the need to invest not only in utility infrastructure, but also in the people who manage the systems, the NADB created the Utility Management Institute (UMI). Funded under the IDP, this annual series of seminars provides utility managers and their staffs with an opportunity for on-going professional development aimed at enhancing their managerial and financial skills.

SOLID WASTE PROJECT DEVELOPMENT PROGRAM (SWPD)

The primary purpose of this technical assistance program is to help public solid waste utilities in border communities with the planning and design of municipal solid waste projects that will be submitted to the BECC for certification and subsequently to the NADB for financing. Grant assistance may be provided to partially fund studies needed for the proper development of municipal solid waste projects, such as geological and hydrological studies, facility plans and solid waste production analyses.

Community Adjustment & Investment Programs

According to the NADB's charter, ten percent of the NADB's capital is designated for community adjustment and investment programs in both the United States and Mexico. Each government is responsible for developing its own program within this framework, independent of the NADB.

In the case of the United States, the Community Adjustment and Investment Program (USCAIP) is designed to provide financing through grants and loans to new or expanding businesses in communities throughout the country that have experienced significant job losses due to changes in trade patterns with Canada and Mexico.

The Mexican CAIP, *Programa Complementario de Apoyo a Comunidades y Empresas*, is designed to support basic infrastructure development throughout Mexico, as well as to help communities and businesses benefit from NAFTA.

Communities, businesses, or financial institutions that are interested in these programs should contact:

Programa Complementario de Apoyo a Comunidades y Empresas

Banco Nacional de Obras y Servicios Públicos S.N.C.

Tecoyotitla 100, 2º piso

Col. Florida

México D.F.

Tel.: 011 [52] (55) 5726-0000, ext. 2191

U.S. Community Adjustment and Investment Program – Loan Program

13191 Crossroads Parkway North, Suite 275

City of Industry, California, 91746

Tel.: (310) 908-2100 ♦ Fax: (310) 908-2110

U.S. Community Adjustment and Investment Program – Grant Program

203 S. St. Mary's, Suite 300

San Antonio, Texas 78205

Tel.: (210) 270-3972 ♦ Fax: (210) 226-5592